

THE VIRGINIA MEDICAID PROGRAM AT A GLANCE*

January 2006



Introduction

Authorized under Title XIX of the *Social Security Act*, Medicaid is an entitlement program that provides coverage of medical services for individuals with low incomes. Medicaid is financed by the state and federal governments and administered by the states. The Department of Medical Assistance Services (DMAS) administers the Virginia Medicaid program.

Federal financial assistance is provided to states and the federal match rate is based on the State's per capita income. The federal match rate for Virginia is 50 percent for the 2006 federal fiscal year (FY).

Who Is Covered by Medicaid?

While Medicaid was created to assist individuals with low incomes, coverage is dependent upon other criteria as well. Eligibility is primarily for people who fall into particular groups such as low-income children, pregnant women, the elderly, individuals with disabilities, and parents or caretaker relatives of dependent children. Within federal guidelines, states set their own income and asset eligibility criteria for Medicaid. This results in a great variation of eligibility criteria among the states.

The Virginia Medicaid total population in FY 2005 was comprised of:



- 473,178 children,
- 109,736 caretaker adults,
- 86,824 elderly persons, and
- 163,197 persons who are blind or have a disability.

Adults who are caretakers and children make up about 70 percent of the Medicaid beneficiaries, but they account for only 29 percent of Medicaid spending. The elderly and persons with disabilities account for the majority (71 percent) of Medicaid spending because of their intensive use of acute and long-term care services.

**This does not include individuals enrolled in the Family Access to Medical Insurance Security (FAMIS) or Medicaid Expansion programs.*

What Services Are Covered Under Medicaid?

The Virginia Medicaid program covers a broad range of services with nominal cost sharing for some of the beneficiaries as permitted under federal law. The Virginia Medicaid program covers all federally mandated services:

- Inpatient and outpatient hospital care,
- Physician, nurse midwife, and pediatric and family nurse practitioner services,
- Federally qualified health centers and rural health clinic services,
- Laboratories and x-ray services,
- Prenatal care,
- Family planning services,
- Skilled nursing facility and home health care services for persons over age 21, and
- Early screening, diagnosis, and treatment program for children ("EPSDT").

Virginia Medicaid also covers some optional services, including but not limited to:

- Dental services for persons under 21,
- Transportation services,
- Prescribed drugs,
- Rehabilitation services such as occupational, physical, and speech therapy,
- Intermediate care facilities for persons with mental retardation (MR) and related conditions, and
- Mental health services.

Medicaid beneficiaries also participate in special "waiver" programs. Waiver programs allow Virginia to set aside certain federal Medicaid requirements and provide targeted services to better meet the needs of special populations, especially those at risk of nursing home placement. The following waiver programs are available to Medicaid beneficiaries who meet admission criteria:

- AIDS Waiver,
- Alzheimer's Waiver,
- MR Waiver,
- Elderly or Disabled with Consumer Direction Waiver,
- Day Support for persons with MR Waiver,
- Technology Assisted Waiver, and
- Individual and Family Developmental Disabilities Support Waiver.

How Is Care Delivered Under Virginia Medicaid?

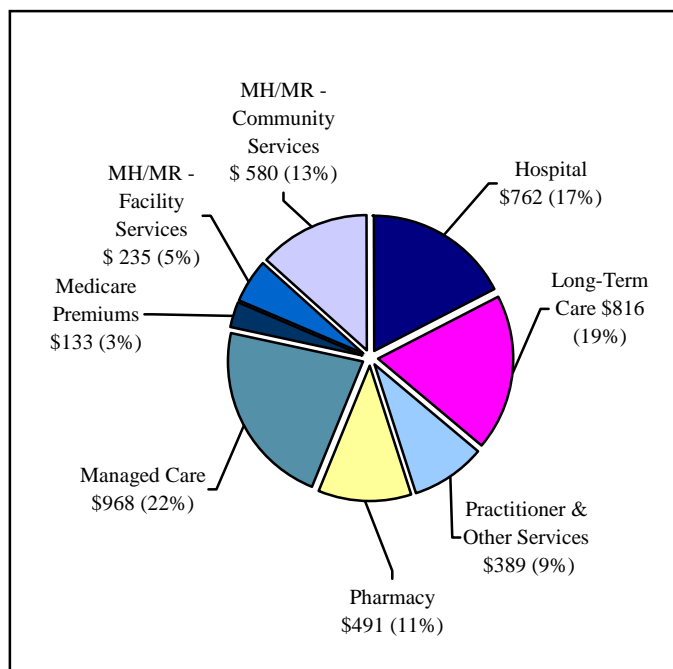
DMAS provides Medicaid to individuals through two programs: a program utilizing contracted managed care organizations (MCO); and Fee-for-Service (FFS), the standard Medicaid program. Individuals who receive home and community-based services waivers are in the FFS program.

The MCO program is available in certain regions of the state. Virginia pays private MCOs a “per member per month” fee through a full risk contract to manage all of the recipients’ care.

The DMAS MCO program primarily serves four groups: FAMIS Plus (children’s Medicaid), FAMIS (Virginia’s State Child Health Insurance Program), pregnant women, and individuals who receive Supplemental Security Insurance. DMAS contracts with seven MCOs and approximately 103 Virginia localities have MCO coverage.

As of December 2005, 411,000 Medicaid beneficiaries were enrolled in MCOs, which is more than triple the number of enrollees in MCOs in 1994 (127,361). Approximately 63% of all Medicaid beneficiaries were enrolled in MCOs as of December 2005. There were 258,953 beneficiaries who were enrolled in the FFS program in December 2005.

**DMAS Medical Services Expenditures
FY 2005 - Amounts in Millions**



**Note –Managed care expenditures represent DMAS payments to the MCOs, which cover the major Medicaid service categories (with the exception of long-term care services)*

Managed care expansion will continue in FY 2006 with the development of an integrated care program for beneficiaries who are currently excluded from the managed care program.

Medicaid Enrollees and Expenditure Trends

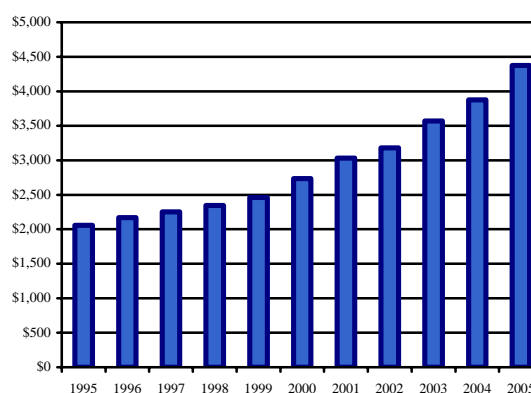
The number of persons enrolled with the Virginia Medicaid program has increased over the past ten fiscal years.

Group	1995	2005	Percentage Change
Aged	90,535	86,824	-4%
Blind and Disabled	109,687	163,197	+49%
Children	393,517	473,148	+20%
Adults	130,191	109,736	-16%
Total	723,930	832,905	+15%

Over this period of time the number of beneficiaries increased by nearly 15 percent. The proportion of persons who are blind or persons with disabilities increased by 50 percent, with the proportion of children also increasing. The proportion of adults declined by 16 percent.

DMAS expenditures for medical services have increased significantly over the years. In FY 2005, DMAS expenditures of \$4.4 billion represent a 112% increase from FY 1995 expenditures.

**Medicaid Expenditures FY'95-'05
In the Millions**



The rise in DMAS expenditures is due to health care inflation including payment increases to certain types of providers and new initiatives. Expenditures also increased due to expansion and growth in the eligible population.

